

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Nebraska Public Service Commission, on its own motion, to make adjustments to the universal service fund mechanism established in NUSF-26

Application No. NUSF-50

QWEST CORPORATION'S REPLY COMMENTS

Qwest Corporation ("Qwest") submits its reply comments as directed by the Commission's Order Opening Docket and Seeking Comment (the "*Order*") dated December 6, 2005 as follows:

1. ***The Commission should not give carriers an option of filing, on a quarterly basis, NUSF-EARN forms.***

Qwest agrees with both of the other groups commenting in this docket, the Rural Independent Companies ("RIC") and the Rural Telecommunications Coalition of Nebraska ("RTCN") that the Commission should not require quarterly filing. Both RIC and RTCN support ***optional*** quarterly filing, but their comments overlooked the administrative problems that could result even from an optional quarterly reporting system. The more reporting options there are, the more reporting periods there are, add administrative costs, and introduce the potential for errors. If some carriers report and get distributions on a quarterly basis, while others report on an annual basis, the Commission will have to ***estimate*** the distributions to be made to a quarterly reporting

carriers until the annual reporting carriers' reports are filed. If those estimates are inaccurate, the Commission may have to make additional distributions or ask carriers to return improperly distributed monies. These additional options for reporting also make auditing the distribution system more and more difficult and expensive.

Over the long term, either system will distribute the same amount of money to the same carriers. Qwest fears that adding unnecessary complexity to the reporting system will only add expense and decrease the certainty and stability of the fund.

Qwest has similar concerns about RIC's proposal regarding the annual submission of a projected earnings report.<sup>1</sup> Accurately calculating rates of return and investments in facilities, across companies and facilities of different types, is an extremely difficult task even with historical data. Accurately projecting future earnings is impossible. Some carriers might be close, but many projections will be significantly wrong. Those inaccuracies will inevitably lead to disputes over refunds, requests to return distributed funds, and wasted time and effort.

**2. *The Commission should continue to use a calendar year for model adjustments.***

Qwest agrees with RTCN that a switch to a fiscal calendar year is unwise. Changing the period for model adjustments increases the regulatory burden on carriers, which (a) hurts those companies in a competitive environment, and (b) decreases the efficiency of NUSF distributions. Again, over the long term, support should be the same regardless of what period is used.

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<sup>1</sup> The RIC's proposal should not be considered by the Commission until proper notice and procedures have been followed with respect to the potential implementation of such a rule.

Dated Monday, January 30, 2006.

Respectfully submitted,

**QWEST CORPORATION**

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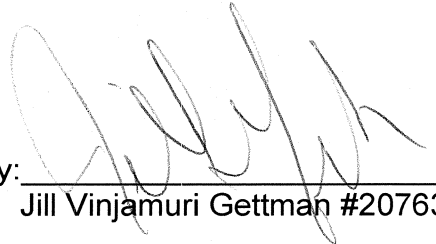
**ATTORNEYS FOR QWEST CORPORATION**

Certificate of Service

I certify that a true and correct copy of the Qwest Corporation's NUSF-50 Reply Comments was sent via electronic mail and First-class U.S. mail and electronic mail on January 30, 2006 to the following:

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